

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                     )  
  )  
Business Meeting                     )  
  )  
\_\_\_\_\_ )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, APRIL 11, 2007

10:02 A.M.

Reported by:  
Peter Petty  
Contract Number: 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur H. Rosenfeld

James D. Boyd

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Harriet Kallymeyn, Secretariat

John Kessler

Connie Bruins

Gene Strecker

Angela Gould

Mark Hutchinson

Panama Bartholomy

Brian Ellis

Michael Seaman

Rajesh Kapoor

John Byer

Adam Pan

Gerald Braun

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Gary Rubenstein  
Sierra Research  
on behalf of Inland Empire Energy Center

Susan Freedman  
San Diego Association of Governments

Patrick Splitt  
APP-Tech

Kevin Madison  
James J. Hirsch & Associates

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## P R O C E E D I N G S

10:02 a.m.

CHAIRPERSON PFANNENSTIEL: Good morning;  
please join me in the Pledge of Allegiance.

(Whereupon the Pledge of Allegiance was  
recited in unison.)

CHAIRPERSON PFANNENSTIEL: This is the  
April 11th meeting of the California Energy  
Commission. We have one change to the agenda;  
item 11 has been taken off the agenda for today.

Start with the consent calendar. Do we  
have a motion for the consent --

VICE CHAIRPERSON BOYD: Move approval.

COMMISSIONER ROSENFELD: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Consent  
calendar is approved.

Item number 2, possible approval of the  
Executive Director's data adequacy recommendation  
for the City of Victorville's application for  
certification of Victorville 2 Hybrid Power  
Project. Good morning.

MR. KESSLER: Good morning, Chairman  
Pfannenstiel, Vice Chairman Boyd, Commissioners.

1 I'm John Kessler, the Staff Project Manager for  
2 the Victorville 2 Hybrid Power Project application  
3 for certification.

4 The City of Victorville is proposing  
5 this project in the City of Victorville, San  
6 Bernardino County, approximately three miles north  
7 of the High Desert project.

8 Victorville 2 would be an integrated  
9 solar/thermal combined cycle facility.

10 Victorville 2 is proposed to be a baseload and  
11 peaking plant consisting of two natural gas fired  
12 combustion turbine generators rated 154 megawatts  
13 each. One steam turbine generator rated at 260  
14 megawatts. And a 250-acre solar mirror field  
15 capable of providing up to 50 megawatts of the  
16 steam turbine generator's output.

17 With the plant auxiliary loads of 13  
18 megawatts, the net capacity and output of the  
19 plant would be 563 megawatts.

20 The City of Victorville filed their AFC  
21 on February 28th of 2007. If the project is  
22 approved they plan to begin construction during  
23 the summer of 2008, and begin commercial operation  
24 in the summer of 2010.

25 Staff initially found six technical

1 areas that were data inadequate. Those included  
2 air, land, traffic and transportation, visual,  
3 water and transmission system engineering.

4 The City of Victorville provided us with  
5 125 copies of a supplement to the AFC yesterday on  
6 April 10th which remedied their data deficiencies.

7 Staff now recommends that the Committee  
8 accept the Victorville 2 AFC as data adequate and  
9 complete. If the Commission agrees with this data  
10 adequacy recommendation we would recommend that  
11 you consider appointment of a Committee.

12 I'd be happy to answer any questions you  
13 might have.

14 CHAIRPERSON PFANNENSTIEL: Thank you.  
15 Are there questions, Commissioners?

16 VICE CHAIRPERSON BOYD: Just a comment.  
17 I'm glad the proponents met the data request of  
18 the staff and moved this along. It's going to be  
19 an intriguing project.

20 CHAIRPERSON PFANNENSTIEL: Then is there  
21 a motion to approve the data adequacy  
22 recommendation?

23 COMMISSIONER BYRON: I'll move the item.

24 VICE CHAIRPERSON BOYD: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?



1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: So it's been  
3 found data adequate. The Committee assignment  
4 that I would propose would be Commissioner Boyd as  
5 the Presiding Commissioner, and myself as the  
6 Second Commissioner.

7 Is there a motion for that Committee?

8 COMMISSIONER BYRON: I'll be glad to  
9 move that item.

10 COMMISSIONER ROSENFELD: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: So the  
14 Committee is established.

15 Item 3, possible approval of petition by  
16 Inland Empire Energy Center LLC to modify the  
17 Inland Empire Energy Center project. Good  
18 morning, Ms. Bruins.

19 MS. BRUINS: Good morning,  
20 Commissioners. The Inland Empire Energy Center  
21 project was certified December 17, 2003. It's  
22 located in Riverside County; currently owned by  
23 GE.

24 In June of 2005 the Commission approved  
25 what we call the H system amendment which modified

1 the project to 2 GE 107H combined cycle systems,  
2 and increased generation from 670 to 800  
3 megawatts. Construction began in August of 2005;  
4 and right now it's about 50 percent complete.

5 When the Commission approved the H  
6 system amendment the air quality conditions of  
7 certification were modified to accommodate the  
8 larger turbines. However, to accommodate the  
9 project owner's schedule, our approval occurred  
10 before the District issued its final permit to  
11 construct.

12 Language in the June 22, 2005 Commission  
13 order stated that after the District's permit to  
14 construct was issued, the air quality conditions  
15 would likely have to be amended. This amendment  
16 before you today will change the conditions such  
17 that they are consistent with the Air District's  
18 final permit to construct.

19 The details of the changes to the  
20 conditions are included in the backup material for  
21 anyone who is interested. Or I can summarize the  
22 changes for you now. But since only air quality  
23 technical experts will understand them, I, as a  
24 courtesy, I'll skip over that part.

25 CHAIRPERSON PFANNENSTIEL: We appreciate

1       that, thank you.

2               MS. BRUINS: Our amendment process is a  
3 public process. The petition to amend was filed  
4 on October 6, 2006, and docketed on October the  
5 16th. The notice of receipt was mailed, docketed,  
6 and posted on our webpage on November 15, 2006.

7               Staff's analysis was mailed to  
8 interested parties, docketed and posted to the  
9 Commission's website on March the 8th, 2007. To  
10 date I have received no comments or questions.

11              Brewster Birdsall, our air quality  
12 technical consultant, is on the telephone if there  
13 are technical questions. Ken Cole, GE's Asset  
14 Management Engineer, is in attendance if you have  
15 questions for the project owner.

16              Staff recommends Commission approve  
17 staff's proposed project modifications and the  
18 associated revisions to the conditions of  
19 certification because all of the changes fall  
20 within the confines of 1769.

21              CHAIRPERSON PFANNENSTIEL: Thank you. I  
22 just want to make sure that I'm clear, that even  
23 though the construction is 50 percent complete,  
24 these changes can be incorporated into the  
25 construction schedule such that the project will

1       come online as anticipated?

2               MS. BRUINS:   Yes, exactly.   The  
3       conditions really only will take effect once the  
4       project is in operation for the most part.

5               CHAIRPERSON PFANNENSTIEL:   Thank you.  
6       Are there questions?

7               VICE CHAIRPERSON BOYD:   I'm just  
8       wondering if the project proponent would like to  
9       say anything, rather than just being here?   You  
10      don't?   All right.   No questions.

11              COMMISSIONER BYRON:   I have a question.

12              VICE CHAIRPERSON BOYD:   Being somewhat  
13      an air quality expert, nonetheless, --

14              CHAIRPERSON PFANNENSTIEL:   Commissioner  
15      Byron.

16              VICE CHAIRPERSON BOYD:   -- I'll endure  
17      the fact that nobody else could understand it.  
18      I'm not sure that's true, Connie.

19              COMMISSIONER BYRON:   Yeah, my question  
20      is for the applicant.   Do you have any difficulty  
21      or problems in complying with the amended  
22      conditions?

23              CHAIRPERSON PFANNENSTIEL:   Perhaps the  
24      applicant should come to a mike.   Thank you.

25              MR. RUBENSTEIN:   Gary Rubenstein from

1 Sierra Research on behalf of the petitioner,  
2 Inland Empire Energy Center.

3 No, the applicant has no problem  
4 complying with the conditions as proposed by the  
5 staff.

6 CHAIRPERSON PFANNENSTIEL: Thank you.

7 COMMISSIONER BYRON: Thank you.

8 CHAIRPERSON PFANNENSTIEL: Further  
9 questions? Is there a motion?

10 COMMISSIONER BYRON: Madam Chair, we  
11 reviewed this in the Siting Committee and I'll  
12 move the item.

13 VICE CHAIRPERSON BOYD: I'll second.

14 CHAIRPERSON PFANNENSTIEL: All in favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: It's been  
17 approved, thank you.

18 VICE CHAIRPERSON BOYD: Thank you.

19 MS. BRUINS: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 4,  
21 possible approval of Information Technology  
22 Services purchase order 06.433.00.012 for \$173,500  
23 with Robert Cenzer Consulting to analyze the  
24 October 2006 and April 2007 vehicle registration  
25 databases from the Department of Motor Vehicles to

1 support Energy Commission transportation  
2 activities. Good morning.

3 MS. STRECKER: Good morning,  
4 Commissioners. I'm Gene Strecker with the fossil  
5 fuels office. And I am seeking approval for this  
6 contract to analyze the databases that we get from  
7 the Department of Motor Vehicles.

8 This contract is to analyze the 2006  
9 vehicle registration database. It's been an  
10 ongoing project. I believe we were last here in  
11 June 29, 2006, to seek approval for the 2005  
12 database.

13 If you have any questions I'd be happy  
14 to answer them.

15 CHAIRPERSON PFANNENSTIEL: And this is  
16 done annually because we have the best information  
17 and perhaps the only set of information to be able  
18 to do this analysis?

19 MS. STRECKER: Yes, we do. We do this  
20 every year. We must do this every year because  
21 the vehicle population changes drastically from  
22 year to year. And also the contents of the  
23 database actually change. And we are the only  
24 people doing it to this extent.

25 CHAIRPERSON PFANNENSTIEL: Thanks.

1 Questions?

2 VICE CHAIRPERSON BOYD: No questions. I  
3 would just comment that this did come before the  
4 Transportation Committee, which reviewed and  
5 approved it. And you made the point I might have  
6 made about this is a rather unique area of  
7 expertise that the staff has provided over the  
8 years. And a lot of other state agencies rely  
9 upon this.

10 Unfortunately, we don't deal in the huge  
11 amounts of money that the PIER program does. It's  
12 just a piddling amount of money, but this  
13 contractor and our staff have kind of cracked the  
14 code and do a very good job of providing data to  
15 lots of other agencies, particularly of late,  
16 since this kind of data is so important to all the  
17 work we do on vehicles and fuels. It's very  
18 relevant to a lot of what's going on in this town  
19 these days.

20 So, I'd move approval.

21 COMMISSIONER BYRON: And I'll second it.

22 CHAIRPERSON PFANNENSTIEL: All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: It's  
25 approved, thank you.

1 MS. STRECKER: Thank you.

2 CHAIRPERSON PFANNENSTIEL: Item 5,  
3 possible approval of adding \$40,000 to purchase  
4 order 3-05-70-1605B with Personal Enterprises,  
5 Incorporated, for a quality assurance  
6 configuration management consultant to provide  
7 continued services for the Western Renewable  
8 Energy Generation Information System project.  
9 Good morning.

10 MS. GOULD: Good morning. My name is  
11 Angie Gould, and I am the WREGIS Assistant Program  
12 Lead.

13 WREGIS is being established in response  
14 to California legislation requiring the Energy  
15 Commission to develop a system to track renewable  
16 energy generation, to verify compliance with  
17 California's renewable portfolio standard.

18 WREGIS will assist in verifying  
19 compliance with renewable energy programs in the  
20 western interconnect and help insure that  
21 renewable energy output is counted only once.

22 This contract extension is for a quality  
23 assurance and configuration management consultant,  
24 or QACM, for the WREGIS project. The QACM  
25 developed software test plans and acceptances



1 processes, insures that sound industry-proven  
2 project management practices are employed  
3 throughout the project, and identifies and  
4 carefully manages any changes to the project.

5 And IT has a delegation of \$250,000 for  
6 purchase orders. And even with the extension this  
7 would fall below that. And they also have the  
8 ability to extend the end date of a purchase  
9 order.

10 We ask that the Energy Commission  
11 approve the addition to this contract of \$40,000  
12 and extension of the contract from July 2, 2007 to  
13 October 31, 2007.

14 CHAIRPERSON PFANNENSTIEL: Thank you.  
15 Is it common to use a purchase order format for  
16 continuing operations ongoing kinds of projects?

17 MS. GOULD: I'm sorry, could you  
18 rephrase that, please?

19 CHAIRPERSON PFANNENSTIEL: Is it a  
20 normal practice to use a purchase order for this  
21 kind of ongoing expense?

22 MS. GOULD: Frankly, I'm not entirely  
23 sure.

24 CHAIRPERSON PFANNENSTIEL: Perhaps Mr.  
25 Blevins can answer that one?

1 MS. GOULD: Thank you.

2 VICE CHAIRPERSON BOYD: Or Mark.

3 EXECUTIVE DIRECTOR BLEVINS: Yeah, I'm  
4 going to hesitate on the use of the word common.  
5 The use of the purchase order -- it's common to  
6 use purchase orders for this purpose; the degree  
7 to which they have an allocation of a certain  
8 dollar amount and the ability to extend the  
9 purchase order work in time to use some or all of  
10 that money tells me that, in fact, you know, it's  
11 an appropriate thing to do.

12 I'm assuming that the work that's being  
13 described here has an end point. I mean this work  
14 is getting stretched out a little bit over time,  
15 but nonetheless, I believe we're going to reach a  
16 point where the work is, in fact, completed. So  
17 it's still one distinct piece of work.

18 CHAIRPERSON PFANNENSTIEL: I see. I did  
19 not see an end point in the --

20 MR. HUTCHINSON: No, Mark Hutchinson  
21 with the renewable energy office. This additional  
22 \$40,000 in time is really going to be focused in  
23 the next two and a half months to insure that we  
24 can hit our go-live date, which right now is June  
25 18th. And we want to stick to that date, so we

1       went ahead and asked for this additional time  
2       through October in the event that there's any  
3       loose ends to tie up work that we need to do.

4               But the major part of this work will  
5       occur in the next two and a half months. And I  
6       consider this part of the implementation, delivery  
7       of the system, and not actual operations of the  
8       system.

9               CHAIRPERSON PFANNENSTIEL: I see. Thank  
10      you.

11              MR. HUTCHINSON: And, frankly, that same  
12      scenario goes for the next item on the agenda, as  
13      well. It's to get us --

14              CHAIRPERSON PFANNENSTIEL: I was going  
15      to have the same questions for that, so, thank  
16      you.

17              MR. HUTCHINSON: Yes. It's to get us to  
18      go live.

19              CHAIRPERSON PFANNENSTIEL: Okay, thanks.  
20      Further questions?

21              VICE CHAIRPERSON BOYD: I would just  
22      comment that your figure 1 representation of the  
23      WREGIS project organization implementation phase  
24      is bureaucratically impressive. So, I --

25              CHAIRPERSON PFANNENSTIEL: Is that good?

1 (Laughter.)

2 VICE CHAIRPERSON BOYD: Well, being a  
3 long-time bureaucrat, why, yes. Any event, this  
4 does look like it's exotically and extremely  
5 managed project. But the flip side is it's  
6 incredibly important to this organization. And  
7 really is setting a precedent for perhaps a lot of  
8 other things to happen in the future, as well.

9 This could be a backbone for other  
10 projects that are near and dear to the state's  
11 heart. So, it's very important. I commend the  
12 staff for getting to the QA phase of this.

13 CHAIRPERSON PFANNENSTIEL: Further  
14 discussion? Is there a motion?

15 VICE CHAIRPERSON BOYD: I'll move  
16 approval.

17 COMMISSIONER BYRON: I'll second.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: It's been  
21 approved.

22 MS. GOULD: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you.

24 Then item 6, possible approval of adding \$40,000  
25 to purchase order 3-05-70-0399H for program

1 development project manager to provide continued  
2 services for the Western Renewable Energy  
3 Generation Information System project.

4 MS. GOULD: Okay, this contract  
5 extension is for the program development project  
6 management consultant, or PDPM, for the WREGIS  
7 project. And the PDPM appropriately represents  
8 and escalates any WREGIS program scope and  
9 schedule issues, and also insures that the  
10 policies that will govern the WREGIS program  
11 administrative operations are developed,  
12 documented and implemented before the system  
13 becomes operational.

14 We ask that the Energy Commission  
15 approve the addition to this contract of \$40,000,  
16 and extension of the contract from April 30, 2007  
17 to October 31, 2007.

18 CHAIRPERSON PFANNENSTIEL: Thank you.  
19 Given the responses from our prior questions I  
20 understand where this is, also.

21 Are there questions or is there a  
22 discussion?

23 VICE CHAIRPERSON BOYD: Will ditto do  
24 it? I don't think so, so I'll move approval.

25 COMMISSIONER BYRON: Second.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 MS. GOULD: Thank you very much.

5 CHAIRPERSON PFANNENSTIEL: Item 7,  
6 possible approval of contract 100-06-002 for  
7 \$400,000 with San Diego Association of Governments  
8 to develop analytical tools for coordinated land  
9 use, energy, climate change and alternative fuels  
10 research. Mr. Bartholomy, good morning.

11 MR. BARTHOLOMY: Good morning,  
12 Commissioners. My name's Panama Bartholomy; I  
13 work in the special projects office of the fuels  
14 and transportation division. I'm currently  
15 accepting hazard pay up in Commissioner  
16 Pfannenstiel's Office.

17 I come to you today, I'm very excited to  
18 ask for your approval of this contract. The  
19 opportunity to work with a leader on integration  
20 of energy and land use planning such as the San  
21 Diego Association of Governments, or SANDAG, is an  
22 excellent opportunity for the California Energy  
23 Commission.

24 And while there are many objectives laid  
25 out in the contract, I see there's two over-

1 arching goals to this contract. The initial one  
2 is to help SANDAG update their regional energy  
3 strategy to meet current state policies as  
4 iterated in the Integrated Energy Policy Report  
5 and the state's loading order.

6 But the project will also -- the second  
7 goal -- it will also help us meet some of our  
8 recommendations from the 2006 IEPR update where  
9 the Energy Commission was directed to provide  
10 tools, case studies and assistance to local  
11 governments in helping better integrate energy and  
12 climate considerations into their long-range  
13 planning for transportation and other  
14 infrastructure.

15 I ask for your approval. And also Susan  
16 Freedman from SANDAG is up here to answer any  
17 questions you may have. And we also have a  
18 representative from San Diego Gas and Electric up  
19 here to offer their support, as well.

20 Thank you very much.

21 CHAIRPERSON PFANNENSTIEL: Thank you. I  
22 would just like to emphasize how important the  
23 knowledge of energy implications of land use  
24 decisions is to us all. I think that it was  
25 raised in the last IEPR as something that we

1       should think about addressing. And then in this  
2       IEPR we're moving a step further in being able to  
3       address that.

4               We're finding it in the Climate Action  
5       Team work where people are becoming more concerned  
6       about the implications, the climate change  
7       implications of land use patterns in California.

8               And we are realizing that the tools to  
9       move on that, where we started developing the  
10      tools here at the Energy Commission, I think  
11      predating this latest concern, that we now  
12      recognize the need for and the ability to develop  
13      more tools.

14              I'm delighted that we've been able to  
15      work with SANDAG on this project. And hope that  
16      this is the beginning of a lot of other work that  
17      goes on in California with regional governments,  
18      regional participants.

19              Are there questions or discussion?

20              VICE CHAIRPERSON BOYD: Well, I'd like  
21      to just join you in your delight for this project.  
22      As you've indicated, this agency has, in the past,  
23      referenced the importance of integrating various  
24      activities in the energy field with activities  
25      that are more the responsibility of local



1 government, such as land use planning and land use  
2 transportation planning.

3 And having admitted to being a long-time  
4 bureaucrat, this is something that I've been  
5 familiar with for a long long time that just gets  
6 ignored and brushed aside time and time again.

7 It was one of the three legs of the  
8 transportation component of the IEPR last time  
9 around, and a major component of the IEPR, itself,  
10 that not a lot of attention gets paid to  
11 unfortunately.

12 And I'm really enthused to see that  
13 there's a lot of legislators in this new  
14 Legislature talking about this issue. And that  
15 while we've had lots of other drivers of policy in  
16 this state for years, air quality, energy security  
17 and what-have-you, combined with climate change it  
18 appears to be really pushing the subject.

19 So I commend the staff; I commend  
20 SANDAG; I commend all of those cogs, as we used to  
21 call them, local MPOs or transportation planning  
22 agencies, for beginning to move into this arena.  
23 SANDAG's not the first, certainly hopefully not  
24 the last.

25 So, again, this is a small step, not a

1 whole lot of money involved, but it is a step in  
2 the right direction. And I'm certainly pleased to  
3 see it.

4 So I'd be pleased to move approval.

5 CHAIRPERSON PFANNENSTIEL: Commissioner  
6 Byron.

7 COMMISSIONER BYRON: Well, I understand  
8 that a couple of representatives are here. I  
9 didn't catch the last name from SANDAG. Susan. I  
10 was wondering if she would care to make any  
11 comments with regard to the project.

12 MR. BARTHOLOMY: Susan Freedman.

13 COMMISSIONER BYRON: Susan Freedman.  
14 Don't mean to put you on the spot, Ms. Freedman.  
15 It's just you came all the way up here.

16 MS. FREEDMAN: For the lovely weather.  
17 My name is Susan Freedman and I'm the Senior  
18 Regional Energy Planner with the San Diego  
19 Association of Governments.

20 And I'm very pleased to be here today  
21 and to move forward on this partnership. It has  
22 been a huge focus of SANDAG, of course, is the  
23 transportation planning and our land use planning.

24 We have had a regional energy strategy  
25 developed for the last 20 years; every five to 15

1 years that happens.

2 And now we're really, we've committed to  
3 focusing on how to connect those dots with energy  
4 and our land use planning, energy and our  
5 transportation planning. And I see this as a  
6 mechanism that can help both the state and our  
7 regional area with our local governments, meet  
8 mutual energy-saving goals. So we're looking  
9 forward to that.

10 CHAIRPERSON PFANNENSTIEL: Thank you,  
11 Susan. I'd like to emphasize here that one of our  
12 goals in doing this work is to work with the local  
13 and regional governments rather than at cross-  
14 purposes with them.

15 I think that there has been a concern  
16 within the state about will the state be trying to  
17 wrest jurisdictional authority from the local and  
18 regional governments on land use and  
19 transportation decisions.

20 And our intention, and I think this  
21 demonstrates it, is to work with them to help them  
22 develop the tools, to help them develop the  
23 understanding; and given the fact that they have  
24 the jurisdiction and should, have the local  
25 authority, we can help them integrate what they're

1       doing with our needs.

2               So, with that, the item has been moved.

3       Second?

4               COMMISSIONER BYRON:  And I'll second it.

5       But before I do I guess I'd like to also add that

6       I'm glad that Mr. Bartholomy will have another

7       project to manage.  It'll keep him from darkening

8       my door all the time with these green building

9       initiatives --

10              (Laughter.)

11              COMMISSIONER BYRON:  -- building

12       standards.

13              VICE CHAIRPERSON BOYD:  Well, yes, and

14       he's the first Advisor to ever admit it publicly

15       that it's hazardous to work with us in our

16       offices.

17              COMMISSIONER BYRON:  Yes.  Quite

18       honestly, Panama, it's wonderful to have you on

19       the Commissioner row.  We're glad to have you

20       there, and I just wanted to make it a little more

21       difficult for you today, that's all.

22              MR. BARTHOLOMY:  I appreciate that,

23       Commissioner.

24              COMMISSIONER BYRON:  You're welcome.

25              (Laughter.)

1 COMMISSIONER BYRON: I second the item.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: It's

5 approved. Thank you, Panama.

6 MR. BARTHOLOMY: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Item 8,  
8 possible approval of contract 500-06-042 with  
9 California Air Resources Board for \$50,000 for co-  
10 sponsorship of the Haagen-Smit Symposium 2007  
11 which will focus on climate change and its effect.  
12 Good morning.

13 MR. ELLIS: Good morning, Commissioners.  
14 My name's Brian Ellis; I'm from the PIER  
15 environmental area.

16 I'm proposing a co-sponsorship of the  
17 Air Resources Board's 2007 Haagen-Smit Symposium;  
18 to be held May 15th through 17th this year. We're  
19 proposing to use \$50,000 of PIER funds for this  
20 co-sponsorship.

21 And as you're probably aware, the  
22 symposium is an annual invitation-only conference  
23 covering issues of high priority to the Air  
24 Resources Board. This year it'll focus on global  
25 climate change with an emphasis on looking at

1 long-term mitigation options, the path to our 2050  
2 goals that the Governor has set, basically.

3 \$50,000 is the full amount requested by  
4 ARB. Staff feels that due to the symposium size,  
5 high profile and number of sponsors, -- other co-  
6 sponsors include several air districts, the Cal-  
7 EPA, the Hewlett Foundation, the Energy  
8 Foundation, -- that this level of contribution is  
9 appropriate.

10 Thank you.

11 CHAIRPERSON PFANNENSTIEL: Questions,  
12 discussion? Commissioner Rosenfeld.

13 COMMISSIONER ROSENFELD: This, of  
14 course, has come through the R&D Committee and  
15 we're pleased to -- I'm pleased to move the item.

16 VICE CHAIRPERSON BOYD: Well, as last  
17 year's recipient of the Haagen-Smit award I feel  
18 compelled to second the motion.

19 But I may not be this generous next  
20 year. So, in any event.

21 CHAIRPERSON PFANNENSTIEL: Further  
22 discussion?

23 All in favor?

24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: It's

1 approved; thank you.

2 MR. ELLIS: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Item 9,  
4 possible approval of contract 500-06-041 with the  
5 U.S. Department of Energy, Lawrence Berkeley  
6 National Laboratory, for \$500,000 to develop high-  
7 performance building glazing and facade systems  
8 for commercial construction. Good morning.

9 MR. SEAMAN: Good morning,  
10 Commissioners. I'm Michael Seaman from the PIER  
11 buildings program.

12 This proposed \$500,000 contract with  
13 Lawrence Berkeley National Laboratory will enable  
14 the PIER buildings program to capture potential  
15 energy savings for more efficient commercial  
16 building envelopes.

17 If the proposed contract is approved the  
18 National Laboratory will conduct research  
19 concerning high-performance glazing and facade  
20 systems.

21 This contract will directly benefit  
22 California. The work supports the loading order  
23 of efficiency, the Governor's executive orders to  
24 reduce overall electrical consumption, and promote  
25 green buildings, and the 2005 Integrated Energy

1 Policy Report, by developing high performance  
2 building envelope solutions intended to inform  
3 possible future changes to Title 24; and to assist  
4 utilities with their emerging technologies  
5 programs.

6 The contract provides continuity from  
7 PIER's earlier investments in building envelope  
8 research by developing, demonstrating and  
9 providing design tools for glazing and facade  
10 systems in partnership with manufacturers to  
11 improve product performance and deliver market-  
12 based solutions.

13 The technologies to be fostered by the  
14 research could reduce buildings related cooling  
15 energy use by 10 to 30 percent; reduce lighting  
16 loads by 25 to 60 percent; and reduce summer peak  
17 demand attributable to buildings by 20 to 50  
18 percent.

19 The U.S. Department of Energy is  
20 providing \$1.5 million towards this research. The  
21 proposed contract has been approved by the RD&D  
22 Committee. Staff requests that the Commission  
23 approve the proposed contract. I'd be happy to  
24 answer your questions.

25 CHAIRPERSON PFANNENSTIEL: Are there



1 questions?

2 COMMISSIONER ROSENFELD: The RD&D  
3 Committee indeed supports this strongly and I move  
4 the item.

5 VICE CHAIRPERSON BOYD: I'll second the  
6 item.

7 CHAIRPERSON PFANNENSTIEL: All in favor?  
8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: Thank you.

10 Item 10, possible approval of PIER work  
11 authorization MR066 under the UC Master Research  
12 Agreement 500-02-004 with the Regents of the  
13 University of California, Office of the President,  
14 CIEE, for \$180,055 for blast freezer fan  
15 modulation technology for refrigerated warehouses.  
16 Good morning.

17 MR. KAPOOR: Good morning,  
18 Commissioners. My name is Rajesh Kapoor and I am  
19 member of PIER Staff in the energy research  
20 office.

21 Staff requests your approval of this  
22 work authorization with (inaudible) cold storage  
23 under UC Master Research Agreement with CIEE.

24 This work authorization is one of the  
25 two projects selected as result of competitive

1 solicitation issued in April 2006. This project  
2 will be funded from PIER electric 05 funding.

3 California have about 246 refrigerated  
4 warehouse. The total refrigeration load in these  
5 warehouses is estimated about 120,000 tons. The  
6 electrical power requirement estimated at 3  
7 kilowatt per ton is about 360 megawatts. And the  
8 total annual power consumption based on 5000 hours  
9 per year is 1800 million kilowatt hours.

10 This sector is responsible for about 20  
11 percent of the total electric energy consumption  
12 of the food industry. Therefore, energy  
13 conservation in the refrigerated warehouses can  
14 produce significant benefits to the electrical  
15 bills.

16 This project will develop the  
17 methodology to use variable fan drives and new and  
18 efficient control methods to modulate the blast  
19 freezer fan speed with product temperature.

20 This project will be conducted in  
21 (inaudible) cold storage refrigerated warehouses  
22 located in Fresno. The new methodology is  
23 expected to reduce the energy consumption of blast  
24 freezing operation by 30 percent.

25 The potential savings by this new

1 technology is about 270 million kilowatt hours if  
2 California's refrigerated warehouse uses this  
3 technology.

4 The RD&D Policy Committee approved this  
5 PIER-funded work authorization at its meeting on  
6 October 17, 2006. Staff would request your  
7 approval of this work authorization. I would be  
8 happy to answer any questions that you may have.

9 CHAIRPERSON PFANNENSTIEL: Thank you.  
10 Are there questions?

11 COMMISSIONER ROSENFELD: I move the  
12 item. Anytime you can get another 30 percent  
13 improvement in an industry --

14 COMMISSIONER BYRON: And I'll second --

15 COMMISSIONER ROSENFELD: -- to me.

16 COMMISSIONER BYRON: And I'll second the  
17 item.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: Thanks very  
21 much.

22 MR. KAPOOR: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Item 12,  
24 possible approval of a \$749,013 grant to DE  
25 Solutions for engine CHP emission control

1 technology. Good morning.

2 MR. BYER: Good morning, Commissioners.

3 I'm John Byer in the PIER environmentally  
4 preferred advanced generation program.

5 This project was the top-scoring  
6 proposal for a competitive solicitation funded by  
7 2006 natural gas research dollars. The topic was  
8 advanced generation combined heat and power  
9 systems.

10 DE Solutions is a California company  
11 that's working with two companies, Tecogen and  
12 Blue Point Energy, which are developing packaged  
13 combined heat and power systems.

14 The purpose of this project is to  
15 conduct continuous monitoring and control of  
16 emissions for the CHP systems so that they will be  
17 able to comply with the 2007 Air Resources Board  
18 regulations for distributed generation CHP  
19 systems, and a proposed rulemaking by South Coast  
20 Air District which will require continuous  
21 monitoring of CHP systems.

22 Currently the technology for doing that  
23 is very expensive. They're trying to adapt the  
24 automotive emissions control systems, what we have  
25 in our cars, for natural gas stationary engines.

1           The different characteristics of natural  
2   gas versus burning gasoline does make some  
3   differences. But they're trying to adapt this  
4   technology because obviously it's very well  
5   developed; and if they can find appropriate  
6   sensors and control systems they intend to make it  
7   much more cost effective than the existing systems  
8   that are monitoring emissions on natural gas  
9   stationary engines.

10           So that's the intent of this project.  
11   In addition to the PIER funding here, there's  
12   matched funding of \$371,000. Of that amount, half  
13   of it's being provided by the participants in the  
14   project. But the other half is being provided by  
15   Southern California Gas Company. They're not  
16   taking an active role in the project, but they're  
17   so interested in the results, having systems that  
18   will do this monitoring and control of the  
19   engines, that they are contributing actually  
20   \$156,000 in actual cash for the project, plus  
21   30,000 in-kind funding.

22           If you have any questions I'd be glad to  
23   answer them.

24           CHAIRPERSON PFANNENSTIEL: Thank you.  
25   My only question, I think it's in here somewhere

1 but I couldn't find it easily, what is the timing  
2 on this. When will we get the systems in place?

3 MR. BYER: This is a two-year project.  
4 But Tecogen and Blue Point actually anticipate  
5 starting to use some of the results of this  
6 project within this calendar year, with continued  
7 improvement as the project progresses.

8 CHAIRPERSON PFANNENSTIEL: Good.

9 COMMISSIONER BYRON: Madam Chair.

10 CHAIRPERSON PFANNENSTIEL: Commissioner  
11 Byron.

12 COMMISSIONER BYRON: This seems to be a  
13 well-formulated project and I think we always knew  
14 that CEM was coming for the smaller units. And  
15 I'm really pleased to see this project with the  
16 cofunding, the way it's set up, and the efforts to  
17 look at adapting lower cost CEM equipment. It  
18 looks like an excellent project, and I only  
19 learned about it in the last few days, but I'm  
20 really pleased to see this.

21 MR. BYER: Thank you.

22 CHAIRPERSON PFANNENSTIEL: Further  
23 discussion?

24 COMMISSIONER ROSENFELD: I move the  
25 item.

1 COMMISSIONER BYRON: I'll second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: It's  
5 approved.

6 MR. BYER: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Thank you.

8 Item 13, possible approval of Net System Power  
9 2006 as required by the power content disclosure  
10 program.

11 MR. PAN: Good morning, Commissioners.  
12 My name is Adam Pan from the electricity analysis  
13 office.

14 This is an annual calculation for the  
15 power source disclosure program. The net system  
16 power mix is used by those utilities who do not  
17 claim specific purchases in their power content to  
18 customers.

19 The staff requests approval of this  
20 report.

21 The calculation is performed first by  
22 gathering power plants and the output of the power  
23 plants we consider in California and sort them by  
24 the resource types. Then we take the net flows of  
25 electricity into California reported by the

1 controllers and estimate the resource types that's  
2 used to produce the imports.

3 We take the average shares of resources  
4 for electricity production in northwest and  
5 southwest, and use those shares to allocate the  
6 imported electricity.

7 For example, we've northwest is 60  
8 percent hydro in their electricity production.  
9 Then we say the imported electricity from  
10 northwest is 60 percent hydro. We add the  
11 instate's generation and imports by resource types  
12 and call this the gross system power mix.

13 The gross system power mix is a picture  
14 of the overall picture of the electricity  
15 production by resource types for the California.  
16 And in this gross system power the renewable  
17 generation has been fairly stable this year; it's  
18 near 11 percent.

19 Then we take claims of specific  
20 purchases from utilities. Utilities have the  
21 choice to report or not. By now most utilities do  
22 choose to report their generation and purchases,  
23 specifically by resource types. And their generic  
24 purchases and some smaller utilities who do not  
25 report their purchases, and the generation by



1 resource types.

2 Excuse me -- anyway, and we sum up the  
3 utilities' claims of specific purchases and  
4 subtract them from the gross system power mix; and  
5 also subtract from the gross system power mix the  
6 self generation. The remaining residual power  
7 mix, we call that the net system power.

8 And currently the net system power, the  
9 residual is only 25 percent of the gross system  
10 power.

11 And I'm ready to answer questions.

12 VICE CHAIRPERSON BOYD: Madam Chair.

13 CHAIRPERSON PFANNENSTIEL: Yes,  
14 Commissioner Boyd.

15 VICE CHAIRPERSON BOYD: I don't know if  
16 this is really a question directed to Mr. Pan or  
17 Mr. Blevins, or someone else in the staff, but  
18 I've sat here now for a number of years watching  
19 us push this rock up the hill in terms of getting  
20 a really accurate net systems power analysis in  
21 order to inform the public.

22 And as Mr. Pan appropriately said, you  
23 know, we have to rely on claims, we have to rely  
24 on some people to volunteer, i.e., they don't have  
25 to report. And we've tried legislative resolution

1 of this issue.

2 I'm just wondering are we any closer?

3 I've stepped off of the Committee that had

4 jurisdiction over this subject some time ago.

5 But, having once been educated on this, I'll never

6 forget the subject until we get it resolved.

7 CHAIRPERSON PFANNENSTIEL: Mr. Blevins,

8 do you want to address this?

9 VICE CHAIRPERSON BOYD: Sorry, B.B.

10 EXECUTIVE DIRECTOR BLEVINS: Well, it's

11 just that this isn't one of my favorite items,

12 either. You know, the direct answer to your

13 question is we're still looking for avenues to

14 make this report, I'll just say, more related to

15 the real world in some cases.

16 There are, you know, we have a process

17 here that's dictated, and we're becoming more

18 familiar and more sophisticated with specifically

19 how much generation is coming from what sources,

20 and their use in California.

21 All I can really say in response is that

22 we're continuing to look for opportunities to true

23 this up. And I would love to sit here and give you

24 a timeline, but as you know, it's something that,

25 you know, you look for your moment on.

1                   VICE CHAIRPERSON BOYD: I've just been  
2                   wondering if, you know, the forcing function of  
3                   climate change and all the legislation related  
4                   thereto in this arena might not bring more people  
5                   to the table in terms of reporting data  
6                   voluntarily or otherwise. And whether you see  
7                   this as maybe bringing us a little closer to  
8                   resolving this or not.

9                   EXECUTIVE DIRECTOR BLEVINS: Well,  
10                  certainly the otherwise part of your statement, I  
11                  think, in terms of what may be required ultimately  
12                  with regard to reporting by load-serving entities  
13                  is something that may, over a short period of time  
14                  here, raise questions about, you know, the  
15                  ultimate process that we go here on the net system  
16                  power report.

17                 VICE CHAIRPERSON BOYD: Thank you.

18                 COMMISSIONER BYRON: It never ceases to  
19                 amaze me all the legislative mandates this agency  
20                 has to fulfill. And this, I understand, is  
21                 another one of those.

22                 And it also seems as though it's one of  
23                 those things where we don't have sufficient  
24                 information and perhaps a widely accepted  
25                 methodology on how we calculate this.

1           I was reading this a second time the  
2   other night, and I just wonder, are we implying a  
3   certain level of accuracy with our three  
4   significant digits in the results of the report?  
5   I mean maybe that would be one way that we could  
6   help clarify the level of accuracy associated with  
7   this calculation.

8           But then, on the other hand, and I may -  
9   - I'm referring to table 3 -- I may not have this  
10   correct. But I believe nuclear, the net system  
11   power, should reduce out to a zero percent. And  
12   we're at .4, which is pretty close, which might  
13   imply that the method, at least for that  
14   particular source, is accurate.

15           So, it's not really a question, but  
16   perhaps you'd want to comment on that, Mr. Pan.

17           MR. PAN: Sure, Commissioner. On your  
18   first question, we are keeping the numbers to this  
19   last digit, not because we have the data in such  
20   accuracy. Rather, it's forced by the methodology  
21   that -- because the net system power is a residual  
22   mix of resource types, when you subtract large  
23   numbers, although they are rough, you end up with  
24   small numbers. If you try to round them up to  
25   thousands of gigawatt hours you may end up with

1        zeroes in many of those smaller shares of resource  
2        types.

3                To your second question, actually  
4        nuclear is one resource type where data is very  
5        accurate because there are only two nuclear plants  
6        in California, and the one in the southwest that  
7        we do our estimates. There's maybe one more  
8        generating in the northwest.

9                So, the reporting of the two power  
10       plants has no question under the estimate of the  
11       nuclear shares from the imports. It's also less  
12       of a problem compared to others.

13               My guess is there may be one or two  
14       smaller resale cities who have small shares in one  
15       or two of the nuclear plants who hasn't claimed  
16       their specific purchases.

17               COMMISSIONER BYRON: Mr. Blevins, did  
18       you want to add anything?

19               EXECUTIVE DIRECTOR BLEVINS: I would  
20       just add that I believe you're correct, that  
21       taking something to three digits beyond a decimal  
22       point implies accuracy. And leave it at that.

23               CHAIRPERSON PFANNENSTIEL: I guess I  
24       would urge that we try to pursue some kind of  
25       legislative relief, if you will, from this report.

1 I think that it not only consumes staff resources  
2 in order to do it accurately per the legislation,  
3 but it also gives, in my view, misleading  
4 information to the public, where it is, at best,  
5 confusing, and at worst, sort of dangerous to get  
6 information out there that you have two different  
7 tables that are very different in their result.  
8 And they're both accurate for what they represent.

9 But it's a hard story to get out there,  
10 and I think if the Energy Commission is going to  
11 be looked at as we are, as a credible source of  
12 information, I think our information should be as  
13 clean and as unambiguous as possible. And meeting  
14 this legislative requirement, I think, puts us in  
15 a difficult situation.

16 So, I know that Mike Smith has been  
17 pursuing some relief on this, and I think we need  
18 to urge that that continue.

19 However, what we have before us is the  
20 current draft, staff-proposed version for 2006.  
21 It appears to meet the legislative requirement for  
22 2006. Is there further discussion or is there a  
23 motion?

24 COMMISSIONER BYRON: Madam Chair, the  
25 Electricity Committee reviewed and approved this.

1 And I believe it needs to be out by the end of  
2 this month. So, I move the item.

3 VICE CHAIRPERSON BOYD: I'll reluctantly  
4 second the item, and suggest that at this time  
5 next year we might talk about, if we are no  
6 further along the path, talk about considering not  
7 doing this because it undermines our credibility  
8 if we fail again, as we have year after year, to  
9 get legislative relief.

10 But, anyway, I will second the item --

11 CHAIRPERSON PFANNENSTIEL: Moved and  
12 seconded.

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 MR. PAN: Thank you, Commissioners.

17 COMMISSIONER BYRON: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Item 14,  
19 possible approval of three projects totaling  
20 \$2,987,822 with the PIER renewables program  
21 biofuels research, development and demonstration  
22 grant solicitation.

23 Why don't we hear about them all, and  
24 then we'll read into the record the specifics.

25 MR. BRAUN: Good morning, Commissioners.

1 I'm Jerry Braun, renewables team lead with the  
2 PIER energy generation research program.

3 And as you said, I'm here to recommend  
4 approval of the resolution that funds three  
5 biofuels research, development and demonstration  
6 projects.

7 The chronology of these projects is that  
8 at the end of October last year a grant  
9 solicitation and application package was issued  
10 with \$3 million funding available from PIER. And  
11 the aim was biofuel energy technologies and  
12 biorefineries, with the goal of producing  
13 transportation fuels and co-products of heat,  
14 electricity and other biobased products.

15 The categories of feedstocks that were  
16 addressed were lignocellulosic biomass from  
17 agriculture, forestry and municipal waste streams  
18 including food processing waste and energy crops.

19 The response to the solicitation was 19  
20 proposals totaling \$17 million of requested PIER  
21 funds, and \$30 million of matching funds.

22 One of the 19 proposals was screened out  
23 administratively, and 18 proposals were reviewed  
24 and evaluated; scored according to the package  
25 criteria.



1                March 2nd the RD&D Committee approved a  
2       notice of proposed awards and the NOPA was posted  
3       on the Commission website on the 14th of March.

4                So the recommendation is for up to  
5       \$2,997,000 for the three projects. And  
6       coincidentally they each are budgeted at \$996,000  
7       roughly. And the matching funds also total \$3  
8       million roughly.

9                Very briefly, the first project, the  
10      proposers are a team of Metcalf & Eddy, an  
11      engineering firm, and the San Francisco Public  
12      Utilities Commission. The feedstock is trap  
13      grease, which is basically collected at food  
14      processing sites and separated from waste water;  
15      and then disposed of either at wastewater  
16      facilities or landfills.

17              The product intended is biodiesel that  
18      meets standards, including CARB standards, with a  
19      coproduct target of biogas that can be used for  
20      process heat or electricity generation.

21              The location of the project is the  
22      Oceanside Wastewater Treatment Plant. And  
23      basically the objective is -- the technical  
24      objective is to demonstrate that you can locate a  
25      portable skid-mounted system for conversion of

1       this feedstock at a publicly-owned treatment  
2       works.

3               And so the objective commercially is to  
4       get this technology, once it's demonstrated,  
5       adopted at the roughly 300 publicly-owned  
6       treatment works in California.

7               The second proposal is, the lead is  
8       Renewable Energy Institute International. The  
9       feedstock is basically agricultural waste, or  
10      that's the target. The product target is ethanol,  
11      with coproducts of electricity and heat.

12              This is not a demonstration project, but  
13      rather a technology development project. The work  
14      will be done at the manufacturing development  
15      center at McClellan Park in Sacramento. And the  
16      focus will be to improve the technology, validate  
17      the technology to convert syngas from biomass,  
18      which is different from syngas from natural gas,  
19      in terms of its constituents. To convert it for  
20      processing into ethanol.

21              And then the next step beyond the PIER-  
22      funded project would be a full-scale pyrolysis  
23      steam reforming bioconversion system for the City  
24      of Gridley.

25              And the last project, the lead is

1 BlueFire Ethanol. The feedstocks are woodwaste  
2 and greenwaste. the product is ethanol. And the  
3 coproducts, in a sense, are -- this technology  
4 wants to be located at a landfill. And so the  
5 partner indirectly in the project is Waste  
6 Management, which operates many landfills in the  
7 state. And the power and heat from landfill gas  
8 will be used in the process.

9 So the technical objective here is  
10 actually in support of a project that is a large  
11 demonstration project, a \$40 million DOE-funded  
12 demonstration project, or at least there's \$40  
13 million of DOE funds committed to it, that would  
14 be based at a southern California landfill.

15 The PIER project would be basically  
16 aiming to optimize material selection in the  
17 process and components, and lower the risk of the  
18 demonstration project.

19 The policy and benefits discussion,  
20 basically the goal is to advance the science and  
21 technology of biofuels technologies for production  
22 and transportation fuels, in this case ethanol and  
23 biodiesel.

24 And the basic policy driver is the  
25 Governor's executive order S-0606, as well as the

1 Bioenergy Action Plan and AB-32. And, of course,  
2 this work is aligned with several other Commission  
3 policy documents and other direction from the  
4 Legislature.

5 I'll take any questions.

6 CHAIRPERSON PFANNENSTIEL: Thank you.  
7 Are there general questions about the project, or  
8 about either any of the specific elements?

9 VICE CHAIRPERSON BOYD: I would note,  
10 Madam Chair, that on the BlueFire item, as  
11 indicated, DOE has made a very healthy grant to  
12 this project. And this agency went on record as  
13 recommending the State of California support this  
14 project at the DOE, which we did. And we're very  
15 pleased to see that it was selected for one of the  
16 very substantial DOE grants. So I think that's a  
17 very positive step.

18 And just as indicated, these projects  
19 are totally consistent with the Bioenergy Action  
20 Plan and the Governor's executive order, and  
21 therefore consistent with where this agency has  
22 been headed as it chairs the Governor's bioenergy  
23 working group.

24 So I'm very pleased to see that these  
25 projects are here, and that our Research and

1 Development Committee has recommended their  
2 approval.

3 CHAIRPERSON PFANNENSTIEL: I believe we  
4 should take them up individually for a vote.

5 14.a. Metcalf & Eddy and San Francisco  
6 Public Utilities Commission, brown grease recovery  
7 and biofuel production demonstration for \$995,991.  
8 Is there a motion?

9 COMMISSIONER ROSENFELD: I move 14.a;  
10 and I suspect that Commissioner Boyd would like to  
11 second it.

12 VICE CHAIRPERSON BOYD: I'll be glad to  
13 second it.

14 CHAIRPERSON PFANNENSTIEL: In favor?  
15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: 14.b,  
17 Renewable Energy Institute International  
18 demonstration of an integrated biofuels and energy  
19 production system for \$996,093. Is there a  
20 motion?

21 COMMISSIONER ROSENFELD: The 900,000 is  
22 getting to be sort of familiar. I move 14.b.

23 VICE CHAIRPERSON BOYD: Second.

24 CHAIRPERSON PFANNENSTIEL: All in favor?  
25 (Ayes.)

1                   CHAIRPERSON PFANNENSTIEL: 14.c.  
2       BlueFire Ethanol; California lignocellulosic -- I  
3       know I could do that -- biorefinery project  
4       \$995,938.

5                   COMMISSIONER ROSENFELD: I move 14.c.

6                   VICE CHAIRPERSON BOYD: Second.

7                   CHAIRPERSON PFANNENSTIEL: In favor?

8                   (Ayes.)

9                   CHAIRPERSON PFANNENSTIEL: They've all  
10       been approved; thank you.

11                  VICE CHAIRPERSON BOYD: Very good.

12                  CHAIRPERSON PFANNENSTIEL: Item 15,  
13       possible approval of contract 140-06-002 for  
14       \$90,000 with Sidley Austin, LLP, to provide bond  
15       and tax legal assistance for Energy Conservation  
16       Assistance Account bond-funded loans. Mr.  
17       Chamberlain.

18                  MR. CHAMBERLAIN: Thank you, Madam  
19       Chairman. Liz Flores is out on leave today, but  
20       because this matter was considered to be somewhat  
21       time-urgent, you're getting the second team today  
22       on this one.

23                  As the Commission is aware, the  
24       Commission has issued two bonds to extend the  
25       effectiveness of the Energy Conservation

1 Assistance Account program. And as a consequence  
2 we have become necessarily enmeshed in a very  
3 technical area of the federal tax law.

4 In order to do this successfully we have  
5 known all along that we needed specialized legal  
6 counsel, and Sidley Austin has been our counsel up  
7 until March 31st when that first contract expired.

8 This is a follow-on contract to allow  
9 them to continue to provide us tax interpretations  
10 and opinions related to the tax exempt nature of  
11 the program, the nature of our investments from  
12 the proceeds of the bonds, the assistance with an  
13 IRS audit that's ongoing right now, and our first  
14 tax filing for the 2003 A Bond issue, which will  
15 occur in April 2008. This is a three-year  
16 contract for ongoing services.

17 And Jane Heinz is here, I believe,  
18 should you have any detailed questions about the  
19 program.

20 CHAIRPERSON PFANNENSTIEL: Thank you.  
21 Are there questions?

22 Is there a motion?

23 COMMISSIONER ROSENFELD: The Efficiency  
24 Committee has heard this. I move the item.

25 COMMISSIONER BYRON: And I'll second it.

1                   CHAIRPERSON PFANNENSTIEL: All in favor?

2                   (Ayes.)

3                   CHAIRPERSON PFANNENSTIEL: Thank you,  
4                   it's been approved.

5                   Approval of the minutes of March 28,  
6                   2007. Harriet, do we here have a quorum of those  
7                   who were in attendance? I was not, so I abstain  
8                   from the -- we do not have a quorum. We'll put  
9                   that off.

10                  Commission Committee presentations. Let  
11                  me just use this opportunity to note that I was,  
12                  for nearly two weeks, on a trip sponsored by the  
13                  California Climate Action Registry where we  
14                  visited Brussels, Bohn and London, to meet with  
15                  members of the European Union, the United Nations  
16                  and the U.K. Government on their climate  
17                  activities.

18                  Included in the California delegation  
19                  were two cabinet secretaries, Linda Adams and Mike  
20                  Chrisman, as well as John Bohn from the PUC,  
21                  Catherine Witherspoon, Chuck Shulack from the ARB,  
22                  Dan Skopec, Eileen Tutt from CalEPA, three  
23                  utilities, four oil companies, two environmental  
24                  groups. It was a large delegation.

25                  We learned a lot, I think too much for



1 me to attempt to report here. But I thought I'd  
2 just give you a couple of the off-the-top-of-my-  
3 head conclusions that I took away. And sort of  
4 noting these as they have come to me.

5 But the first and most overwhelming  
6 conclusion was that energy efficiency is first and  
7 foremost. Hard to believe. A couple years ago,  
8 when I was in Europe and we talked about energy  
9 efficiency, it was sort of the poor stepchild of  
10 what was going on. And now it is the first thing  
11 everybody talks about everyplace.

12 And everybody is looking to California  
13 on how did we succeed, and what did we do, and how  
14 to get the interest and how to make that happen.

15 The second conclusion is that cap-and-  
16 trade, and we were primarily looking at market  
17 mechanisms, it was a major part of our trip, but  
18 cap-and-trade on carbon works. The EU has made it  
19 work, but with some issues. And they're still  
20 working out the issues. And so we spent a lot of  
21 time with them, talking about what those issues  
22 are.

23 And I would tell you, that to me, at  
24 least, the primary issue that I came away with was  
25 that it only works pretty well in certain sectors

1 of the economy. In other sectors, important  
2 sectors of the economy like agriculture, they  
3 haven't really figured out how to make it work  
4 there. So in some sectors they've made some good  
5 progress.

6 And, in fact, the sector that they seem  
7 to have worked on most extensively is the electric  
8 utility sector. And their sense there, and they  
9 were all very clear about it, is that the electric  
10 utilities probably aren't going to go offshore.  
11 They probably don't have very much competition  
12 among them. Therefore, they can put tighter caps  
13 on the electric utility sector. And presumably  
14 requiring purchases of offsets; and presumably  
15 requiring some increase in prices.

16 And it's more palatable, at least  
17 politically there, than doing that to other  
18 sector. So clearly, the electric utility people  
19 were not enamored of that solution. But that's  
20 largely what we heard.

21 We heard a lot about carbon  
22 sequestration. And it seems that everybody  
23 assumes that's going to happen. And they assume  
24 it's going to happen because everybody recognized  
25 that it's needed. There's an awful lot of coal

1       being burned in Europe for power generation. And  
2       nobody seemed to think that that coal was going to  
3       stop being burned, but that somehow the carbon's  
4       going to get sequestered in an economic and  
5       technically feasible way.

6                I didn't hear any resolution to how they  
7       feel about nuclear power. Some countries in  
8       Europe still are ideologically opposed to nuclear  
9       power, and others are in favor of nuclear power.  
10      And there's a big bunch that are kind of in the  
11      middle. And so there's no E.U. resolution on that  
12      at the moment.

13              A lot of talk about land use planning  
14      and building plans, transportation systems and how  
15      those are going to link. And a lot of interest in  
16      what we might be doing or how we might be doing  
17      it.

18              So, I guess, as a conclusion, they were  
19      as interested in what we're doing as we were in  
20      what they're doing. I talked with many people in  
21      Europe who really believed that California is  
22      really ahead of where they are in addressing  
23      global warming.

24              We were over there, of course, because  
25      on market mechanisms they're ahead of us. And so

1 we wanted to learn about how to make that work.

2 But they were impressed with what we're  
3 doing in California. And, I think, we, if nothing  
4 else, developed the beginnings of a pretty close  
5 information exchange at least, and maybe something  
6 more, maybe something closer than that in terms of  
7 working together on trying to find these  
8 solutions.

9 So, it was an interesting trip, a bit  
10 grueling in some ways, in that, you know, there  
11 was sort of a breakfast, lunch and dinner  
12 scheduled with our hosts all the time. But we  
13 were treated incredibly well by the hosts in each  
14 one of these countries that we visited.

15 And, you know, we met with financial  
16 people; we met with E.U. Commission people; we met  
17 with the government people in several places.  
18 Those who were effected, we spent a fair amount of  
19 time with environmental groups there. So it was a  
20 lot of information packed into a ten-day visit.

21 So, anyway, I'm available for anybody  
22 here, Commissioners or Advisors or Staff, to talk  
23 some more about this.

24 Are there further discussions,  
25 Commissioner discussions?

1                   COMMISSIONER ROSENFELD: I'd just like  
2           to say I'm certainly interested in getting  
3           together to discuss more of this.

4                   CHAIRPERSON PFANNENSTIEL: Gladly.

5                   COMMISSIONER ROSENFELD: And I guess I  
6           will make one remark. You guys went over and  
7           wanted to talk about cap-and-trade and cap-and-  
8           trade -- but, of course, in Europe -- I'm a little  
9           skeptical of -- cap-and-trade -- in Europe when  
10          you think about European policy, \$3 gas and a  
11          gallon gasoline tax is a tax, which seems to work  
12          pretty well in some areas, too.

13                  CHAIRPERSON PFANNENSTIEL: In some  
14          areas. Commissioner Boyd.

15                  VICE CHAIRPERSON BOYD: I, too, would be  
16          interested in talking to you more about this,  
17          since we both serve on the Climate Action Team.  
18          But I was intrigued to hear your comments about  
19          the interest in efficiency.

20                  Quite a number of years ago I  
21          represented California in a meeting in Europe  
22          called the first ever, and perhaps -- well, not --  
23          conference of the reducers. They had a second one  
24          in Toronto a year or two later, and then decided  
25          that was an awkward name. And instead we created

1 the so-called climate group that's headquartered  
2 in London.

3 But California earned its way into this  
4 meeting because of its electric efficiency  
5 programs, which actually put us in pretty good  
6 shape as a state, as compared to some nations and  
7 countries.

8 And the meeting was a product of a  
9 meeting in Washington that I almost think  
10 serendipitously I ended up in with European  
11 parliamentarians and our federal government, who  
12 said thanks for bringing us over here, but we see  
13 no reason to talk to the United States at all  
14 based on your policy. Good-bye, we'd like to go  
15 home. Thanks for the nice dinners and what-have-  
16 you.

17 However, the sponsors of that meeting  
18 had brought me and an eastern state representative  
19 into the meeting. And we rose up and frankly  
20 said, wait a minute, you've got to understand  
21 politics in our democracy. And states do do  
22 things and so on and so forth.

23 The net result was we put on  
24 presentations about California's efficiency  
25 program; the eastern states talked about their

1 interest in doing what California wanted. The  
2 people decided to stay and talk.

3 And it led to this conference in Europe,  
4 where, again, California's electric efficiency  
5 programs and its air quality programs were  
6 highlighted and led to the development of these  
7 other organizations that have worked to facilitate  
8 kind of an across-the-ocean liaison between the  
9 United States' states and regions who were taking  
10 action and other European nations. So, we've come  
11 a long, long way. And it's encouraging to see  
12 that.

13 Secondly, I would like to report on a  
14 meeting I attended yesterday. I think earlier,  
15 some time ago, I mentioned that I'd been asked to  
16 be CoChair of the Western Governors Association  
17 transportation and fuels for the future effort, in  
18 response to a WGA, Western Governors Association,  
19 resolution passed last year.

20 I and the Energy Secretary of Oklahoma -  
21 - it's interesting they have an energy secretary  
22 who has two deputies and a secretary, and that's  
23 the entire organization -- but nonetheless, we co-  
24 chair this group that is trying to fulfill the  
25 aspirations of the resolution.

1                   And we had a very lengthy meeting  
2       yesterday in Denver getting organized and parsing  
3       out all the work with regard to the various  
4       components that make up transportation fuel.

5                   But your reference to coal reminded me,  
6       of course coal, and there are western states who  
7       are very interested in coal, and we have to  
8       recognize that as the basis of some states'  
9       interest in this whole subject.

10                  That ended up with a fairly lengthy  
11       discussion of coal, of let's just say gasification  
12       of coal for electricity, gasification that might  
13       lead to coal-to-liquid-transportation fuels. And  
14       therefore, you know, there was, we finally  
15       convinced everybody you can't talk about that if  
16       you don't talk about sequestration.

17                  But there is this assumption on the part  
18       of many people, as you said, that sequestration is  
19       here and we just have to employ it. And, again,  
20       many of us were forced to talk about all the  
21       research that's still going on to ascertain  
22       whether sequestration can work universally; or  
23       whether it's limited in the geology of it and so  
24       on and so forth.

25                  So, I have noted at the federal level,



1       and in some of the states, there's just an  
2       assumption that clean coal is just around the  
3       corner, so to speak. And sequestration is the  
4       answer. And so that is going to b a thorny issue  
5       for western states to reach resolution of issues,  
6       as well as, obviously, on the federal scene.

7                Last -- two other quick items. I wished  
8       I'd brought this up under item number 14, where we  
9       just approved all the bioenergy grants and what-  
10      have-you. I meant to suggest that we give some  
11      publicity to those; that we not be so stealthy  
12      with what it is we do here.

13               And since these are consistent with the  
14      work plan and this, that and the other, that  
15      maybe, Mr. Blevins, these are worthy of some  
16      mention, tying into the Governor's program, and in  
17      our own programs, and what-have-you.

18               Lastly, there is an organization in  
19      state service, a working group called the  
20      Stationary Fuel Cell Collaborative, that is  
21      chaired by the Air Resources Board. And I have  
22      been our representative on that Collaborative  
23      since it was created about four years ago.

24               Mainly, I think, because I was sitting  
25      on the fuel cell partnership, the mobile source

1 application, since my arrival here. And because  
2 Secretary Lloyd created the stationary group, he  
3 called upon his old friend, Jim, and probably  
4 Commissioner Rosenfeld, once in awhile, to assist  
5 in this stationary collaborative.

6 Recently I discussed with Commissioner  
7 Byron that it might be more logical that he be our  
8 representative to that group. One, because of his  
9 extreme interest in distributed generation, CHP,  
10 along with others of us. Secondly, because he  
11 does chair the Electricity Committee; and that's  
12 the whole function of stationary fuel cells, heat  
13 and power.

14 So, we discussed it. It's agreeable to  
15 him; and I would like to suggest that it be done.  
16 I think it's more logical than me missing half the  
17 meetings that I've had to do due to transportation  
18 or stationary issues. So I would like to make  
19 that suggestion.

20 CHAIRPERSON PFANNENSTIEL: Thank you.  
21 Any other Commission --

22 COMMISSIONER BYRON: Would you like --

23 CHAIRPERSON PFANNENSTIEL: Commissioner  
24 Byron.

25 (Laughter.)

1                   CHAIRPERSON PFANNENSTIEL: You want to  
2 talk about that now?

3                   COMMISSIONER BYRON: No. That's fine,  
4 I'm in complete agreement with Commissioner Boyd  
5 on that. And whatever steps are necessary to make  
6 that change, I welcome.

7                   I wanted to just add a little bit in  
8 response to all the discussion about climate  
9 change. There's a great deal of activity,  
10 Commissioners, underway perhaps that doesn't see  
11 much of the light of day in our public meetings.

12                  We are working, the Electricity  
13 Committee has been working on implementing  
14 regulations for SB-1368, as you all know. And  
15 that will be coming up in business meetings;  
16 you'll see it twice, I believe, beginning April  
17 25th.

18                  And, in fact, Madam Chair, I look  
19 forward to meeting with you later today to discuss  
20 that, as well as our joint proceeding, which  
21 begins tomorrow. The initial workshops begin  
22 tomorrow. Our joint proceeding with the PUC on  
23 implementing phase two of the greenhouse gas  
24 reduction effort. And there will be a two-day  
25 workshop Thursday and Friday, which I plan to

1 attend, and one next week. So there's a great  
2 deal going on there, and I look forward to  
3 coordinating with the Chairman on that, as we're  
4 both on that ad hoc committee in conjunction with  
5 the President of the PUC.

6 So there's a lot of activities going on,  
7 and we'll probably need to have some additional  
8 discussions around these topics in the next few  
9 months.

10 CHAIRPERSON PFANNENSTIEL: Thank you,  
11 all. Let's move on to the Chief Counsel's report.  
12 Mr. Chamberlain.

13 MR. CHAMBERLAIN: Thank you, Madam  
14 Chairman. Realizing that the program status  
15 report for the legal office is probably not at the  
16 top of your priority reading list every week, I  
17 thought I would bring to your attention the one  
18 this week, which included a URL to the Boalt Hall  
19 energy -- let's see, it's at the Boalt Hall  
20 California Center for Environmental Policy --  
21 Environmental Law and Policy.

22 They had a fantastic discussion  
23 yesterday of the Massachusetts versus EPA case,  
24 and its implications for future litigation in the  
25 climate change area. And in particular, its

1       implications for the roles of states in the  
2       absence of federal leadership in this area.

3               In addition, Commissioner Byron and I  
4       attended a Western Interstate Energy Board meeting  
5       last week in which there was a great deal of  
6       discussion of climate change.

7               And I'm going to forward to you a  
8       PowerPoint presentation that we had from Kevin  
9       Moran, the WGA lobbyist in Washington, relating to  
10      current activities in Washington on this issue.  
11      And the, sort of his take on the likelihood of  
12      things happening, and some indication of what  
13      bills are moving. So I'll be sending that to you.

14              CHAIRPERSON PFANNENSTIEL: Thank you.

15              COMMISSIONER BYRON: Madam Chair, if I  
16      may, I forgot to mention that, as well. A whole  
17      new set of acronyms to learn around the Western  
18      Energy Interstate Board. But I think we're very  
19      fortunate to have Mr. Chamberlain there, and his  
20      continuity and involvement in that organization;  
21      extremely helpful to the Energy Commission.

22              VICE CHAIRPERSON BOYD: I would also add  
23      with regard to the reference to the Boalt Hall  
24      presentation, our old, apparently mutual, friend,  
25      the former Chief Deputy Attorney General who now

1 kind of runs that program, has tapped me, also, to  
2 come down sometime in the near future and give a  
3 lecture on actually transportation fuel issues.

4 So, I have a feeling they'll be reaching  
5 out to this agency more and more in that arena.

6 MR. CHAMBERLAIN: I think so, and I  
7 think it's worth noting that his first legal job  
8 was here at the Energy Commission.

9 VICE CHAIRPERSON BOYD: He did remind me  
10 of that.

11 CHAIRPERSON PFANNENSTIEL: Thanks.  
12 Anything else, Bill?

13 MR. CHAMBERLAIN: No.

14 CHAIRPERSON PFANNENSTIEL: Executive  
15 Director's report.

16 EXECUTIVE DIRECTOR BLEVINS: Thank you,  
17 Madam Chairman. I just wanted to report that I  
18 did appear before our Senate Budget Committee on  
19 Monday with regard to our proposed budget for next  
20 year.

21 The Commission has 19 budget change  
22 proposals that have been brought forward by the  
23 Administration. If I do my math here real quick,  
24 15 of those have moved forward. There was -- we'd  
25 asked for support in relation to the

1 implementation of SB-1, 4 PY. They chose to give  
2 us 2 PY permanently, and then 2 PY limited term.  
3 That certainly left the door open for us to come  
4 back and demonstrate that those PY were going to  
5 be needed on a permanent basis later.

6 With regard to implementing SB-1368,  
7 they augmented our budget by another PY. With  
8 regard to a proposal we had for the PIER  
9 electricity program, they made a point, certainly  
10 the chair of that budget subcommittee is adamant  
11 about the need to act quickly on climate change,  
12 Senator Lowenthal. And they actually doubled the  
13 number of PY we requested in the context of that  
14 budget change proposal. So, it went from 3 to 6.

15 The two Climate Action budget proposals  
16 that we have in our package were put over. The  
17 Senate next week is going to have a hearing on the  
18 collective proposals by the Administration on that  
19 topic.

20 And the Williamson settlement money and  
21 the use of that money for restitutionary purposes  
22 is clearly a policy issue that they're going to  
23 keep open and have discussion about on an ongoing  
24 basis until we probably get up right till the end  
25 of the budget.

1           So, I guess in summation, the good news  
2       is, if I did my math again correctly, we came out  
3       three more than we started with. So, we'll see if  
4       that prevails through the process.

5           Finally, Madam Chairman, Mr. Smith was  
6       called into a meeting in the Legislature this  
7       morning, so he will not be able to deliver a  
8       report this morning.

9           CHAIRPERSON PFANNENSTIEL: Do you know  
10      if he had any? If he had a report?

11          EXECUTIVE DIRECTOR BLEVINS: He probably  
12      did.

13          CHAIRPERSON PFANNENSTIEL: He's busy,  
14      but wondered whether --

15          EXECUTIVE DIRECTOR BLEVINS: Yeah.

16          CHAIRPERSON PFANNENSTIEL: Okay. Thank  
17      you.

18          EXECUTIVE DIRECTOR BLEVINS: Okay.

19          CHAIRPERSON PFANNENSTIEL: Public  
20      Adviser report.

21          MR. BARTSCH: Madam Chairman, Members,  
22      Nick Bartsch for the Public Adviser's Office. We  
23      do not have anything new to report, thank you.

24          CHAIRPERSON PFANNENSTIEL: Thank you.  
25      We have two people who have asked to make public



1 comment this morning.

2 Patrick Splitt is first, from APP-Tech,  
3 Incorporated.

4 MR. SPLITT: Good morning. I'm Pat  
5 Splitt from APP-Tech. We're energy consultants.

6 I've been trying for -- and many others,  
7 for over a year and a half to get some problems  
8 that we perceive with the current energy code  
9 fixed. And we've been having problems getting  
10 anyone to really take it seriously.

11 So, I -- most people in this building  
12 probably have seen this, but I wanted to bring  
13 this report that I've sent to all of you already  
14 here and officially entered into the record. And  
15 request that it be considered, and the requests  
16 that I've made in there be responded to.

17 Since you've all read it and I don't  
18 have a lot of time, I won't go into all the  
19 details, just review one or two things. One,  
20 someone reading it just brought to my attention  
21 that I didn't realize that it might sound like I'm  
22 referring to the entire energy code in this  
23 report. But, in fact, I'm only referring to the  
24 administrative part of the code, part 1. I'm not  
25 referring to the actual code, itself, at all. So

1 my comments are only with the administration of  
2 the code and what's gone wrong there.

3 A couple of things we want is with  
4 regard to the compliance programs, I'd like to see  
5 those reviewed. Both for the methods that the ACM  
6 is using, and also for the process that was used  
7 in the last standards to approve programs.

8 As far as I know one vendor in  
9 particular basically got a pass, and actually  
10 didn't have to perform all the tests that were  
11 required. And this vendor also was under contract  
12 with the state to provide the state's program.  
13 Somehow he couldn't get the state's program out  
14 and approved by the Commission until six months  
15 after the regulations went into effect. But his  
16 program somehow did get into effect before the  
17 standards.

18 So anyone like me that was required to  
19 use these programs couldn't wait for six months  
20 after the standards go into effect to get the  
21 state program. So we were forced to use his  
22 program. And I can't understand how, if the state  
23 was paying him to provide your program, that you  
24 would somehow give him a bye on that, but still  
25 let him provide his program, which is basically

1 the same program.

2 And I believe he just used your money to  
3 develop his program. And then other people, like  
4 eQUEST, they've been trying for years to get their  
5 program in, and keep getting put back and back and  
6 back. And there's just something really wrong  
7 here. There's something wrong.

8 So don't want to go into that anymore.

9 But I'd like to discuss this with some of the  
10 staff from the Commissioners, because just meeting  
11 with the staff that I've been meeting with, and in  
12 fact we're going to have another meeting this  
13 Friday, it just goes around and around in circles.  
14 Nothing every happens. They go out agreeing that  
15 something's going to happen, and nothing happens.  
16 And there are things that have to happen.

17 So, one thing with the programs that I  
18 had in my recommendation that has to be done in  
19 this legislative session is that the requirements  
20 in the Warren Alquist Act that these programs be  
21 public domain has to be changed; has to be  
22 deleted. So that has to be done.

23 And there happens to be a bill floating  
24 around right now. It's AB-1560, introduced by  
25 Jared Huffman. And its purpose is an act to amend

1 section 25402 of the Public Resources Code  
2 relating to public resources. So that's exactly  
3 the section I'm talking about, so it can be done.  
4 All you have to do is agree with them that they  
5 should make that change, or any other changes.  
6 There are probably some more changes you should  
7 make if you really want to. But there's a bill  
8 already around, so it can be done.

9 One thing that we were going to be  
10 talking about this Friday is there are serious  
11 problems with the compliance forms. So we want to  
12 get up some sort of a process to fix them now.

13 Also I want the work on the 2008  
14 standards to be halted, suspended, until you look  
15 back and see what the problems were that were  
16 created in 2005 and figure out why they happened.  
17 Because there are serious problems there.

18 And I think it's a process problem, that  
19 the way that the standards were enacted almost  
20 guaranteed that they'd fail, because it was  
21 impossible for anybody, except a paid lobbyist, to  
22 follow through with all these things and figure  
23 out what was going on.

24 And it's the same process that's going  
25 on now. So, I think you should do some review and

1 figure out, go back and figure out what was wrong.  
2 I tried to get, and many others tried to get these  
3 problems fixed before the standards went into  
4 effect, and we were told at that time, well,  
5 there's not enough time, we're rushed, we've got  
6 to get through.

7 But here's what we'll do a couple months  
8 after the standards go into effect; we'll have a  
9 workshop and we'll do a cleanup workshop. And  
10 people come in and we'll review the problems that  
11 you have and take care of them. That workshop  
12 never happened. We were promised that. And  
13 that's what prevented me from showing up at the  
14 adoption hearing to complain about stuff. Because  
15 I was told it was in the books.

16 So you guys owe me, and a lot of people  
17 in the state, that workshop. And I'm sure if you  
18 had the workshop you'd find out what the problems  
19 were.

20 Let's see, what else do I want to talk  
21 about. The other thing is the staff is going to  
22 come back and say we don't have any money for  
23 this. Well, there's an RFP out right now for \$2.5  
24 million. The major part of that RFP is to train  
25 building officials on the current energy

1 standards.

2 Well, if you look through my report you  
3 can see that there are serious flaws there. The  
4 problems with the standards can't be addressed by  
5 training.

6 An important part of the nonres  
7 standards is that the building officials are  
8 supposed to verify that the equipment is installed  
9 correctly on installation certificates that have  
10 never been generated. They do not exist. You  
11 cannot possibly go out and train a building  
12 official on how to review something that doesn't  
13 exist. You have to fix the problems first.

14 It's a total boondoggle to spend that  
15 money. So you can take at least a million dollars  
16 out of that contract that would just get flushed  
17 down the toilet. And now you've got a million  
18 dollars sitting here in a pile and you have money  
19 to take care of some of these problems right now.

20 So I would like to just somehow get this  
21 going, and get some serious consideration of us.  
22 I'm not an idiot. I've been here for over 25  
23 years. I've gone through all these things. I  
24 mean I've taken you to court before and won, I  
25 mean if that's what we have to do. I know how to

1 do that. But I'm trying to keep things here in  
2 the Commission and get it fixed.

3 So, I'd like to have some sort of  
4 commitment that actually somebody's going to  
5 actually consider these things, and maybe set up  
6 some sort of -- I mean I'd like to see that  
7 workshop. I mean, that was promised to us. I  
8 mean --

9 CHAIRPERSON PFANNENSTIEL: Thank you,  
10 Mr. Splitt. I'm glad that you are still talking  
11 to staff. And I know that Mr. Blevins will make  
12 sure that staff is both responsive and is willing  
13 to take whatever actions are indicated. So, we  
14 appreciate your coming to tell us this.

15 MR. SPLITT: Okay. And I'm not -- I'm  
16 trying to get it fixed, so, thanks.

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 COMMISSIONER BYRON: Madam Chair.

19 CHAIRPERSON PFANNENSTIEL: Yes.

20 COMMISSIONER BYRON: Mr. Splitt, could  
21 you just -- I'm not familiar with the company,  
22 could you restate the name and address of the  
23 company for me, and briefly what it does?

24 MR. SPLITT: Mine?

25 COMMISSIONER BYRON: Yes.

1                   MR. SPLITT: My company. APP-Tech,  
2                   Incorporated. We're energy consultants in Santa  
3                   Cruz. I do energy compliance work, res and  
4                   nonres, design hydronic heating systems, a little  
5                   of this, a little of that. Been in business  
6                   pretty much since 1982.

7                   COMMISSIONER BYRON: And in what  
8                   capacity are you representing that company?

9                   MR. SPLITT: I am the company.

10                  COMMISSIONER BYRON: Thank you. Thank  
11                  you, sir.

12                  MR. SPLITT: I'm all of it.

13                  CHAIRPERSON PFANNENSTIEL: Thank you,  
14                  Mr. Splitt.

15                  And we also have Kevin Madison of James  
16                  H. Hirsch & Associates.

17                  MR. MADISON: Thank you, Madam Chair and  
18                  the Commission. My name's Kevin Madison; I'm a  
19                  consultant engineer with James J. Hirsch &  
20                  Associates. On the consent calendar today you  
21                  approved our application to have eQUEST and  
22                  D2comply certified as ACMS for nonresidential  
23                  compliance.

24                  I just have a few brief comments about  
25                  the Commission's process for developing the ACM



1 manual and approving programs. Keep in mind -- I  
2 hope you'll keep in mind that these are intended  
3 to help support the process and improve it over  
4 time.

5 The first thing I would like to bring up  
6 is this concept -- discuss a little bit the  
7 concept of the public domain reference program  
8 that the Commission maintains, and all  
9 nonresidential programs must compare to that as  
10 part of the certification process.

11 At this time the Commission's reference  
12 program is a DOE-sponsored software package, but  
13 it's not in the public domain. Any copyrights  
14 that exist for that program are for privately  
15 added portions developed by current members of the  
16 JJH team, the James J. Hirsch team.

17 The Department of Energy does not  
18 publish free-of-charge any of its source code.  
19 This includes the Commission's reference program,  
20 as well as USDOE's current program, EnergyPlus.

21 The JJH team publishes all of its  
22 software free of charge on its website. This  
23 includes all source code for its simulation  
24 engines DOEII.2 and DOEII.1e, which can be  
25 downloaded and examined by anyone.

1           While these programs are still not in  
2     the public domain and cannot be freely  
3     distributed, we believe the JJH policy for making  
4     its source code available for review serves the  
5     intent of a public domain program, while the U.S.  
6     Department of Energy's policy does not.

7           In addition to the DOEII source code  
8     being available, we also publish, free of charge,  
9     the Title 24 alternative calculation methods  
10    eQUEST and D2comply. And when the Commission  
11    approved the last version of this program we  
12    offered to staff also that they could distribute  
13    this program free of charge to anyone. And that  
14    offer still exists.

15          Regarding the development of the ACM  
16    manual requirements, it is our understanding that  
17    in the past the Commission has awarded sole source  
18    contracts for development of compliance analysis  
19    software, as well as for the investigation of  
20    incorporating new standards requirements into the  
21    ACM manual.

22          The last sole source contract of this  
23    type was awarded at the July 13, 2005 general  
24    business meeting. At that time the Commission  
25    inquired about the necessity for sole source

1 contract, and why other contractors were not  
2 considered.

3 And I'll grossly summarize from the  
4 transcript, but staff summarized that the one  
5 other possible provider did not yet have a viable  
6 software product in the marketplace, and did also  
7 not have the requisite experience in performing  
8 the type of analysis the scope of work required.

9 I believe that the staff was referring  
10 to the JJH team, but I'm not certain about that.

11 Well, given that our program has been  
12 approved twice, and we have several of the  
13 original DOEII developers on our team, we strongly  
14 encourage the Commission and the staff to abandon  
15 its policy of awarding the sole source contract  
16 for software development. And we would welcome  
17 the opportunity to compete for any of that work  
18 that may come up in the future.

19 Regarding the approval of ACMs,  
20 themselves, in our experience the application and  
21 approval process for eQUEST and D2comply has been  
22 more difficult than for other applicants.

23 In a letter from the Executive Director  
24 to Jeff Hirsch, owner of J.J. Hirsch & Associates,  
25 and myself, the Executive Director stated that one

1 reason for the long delay in reviewing our  
2 application is that it was not received in 2005  
3 when other applications were received.

4 The only two other ACMS approved for  
5 nonresidential compliance are published by the  
6 same company. That is the same company that  
7 received the sole source contract over the past  
8 three code cycles to develop the Commission's own  
9 nonresidential compliance program.

10 We believe this contractual arrangement  
11 not only enabled this developer to produce the  
12 Commission's program prior to the effective date  
13 of the standards, but also a second proprietary  
14 version based on the same source code.

15 Additionally, this contractor, through  
16 its sole source contract, is aware and even  
17 responsible for development of many important ACM  
18 manual requirements well before they are published  
19 in draft and final versions of the ACM manual.

20 We, the JJH team, enjoy none of these  
21 advantages in our development sequence. We have  
22 to wait for the ACM manual to be approved by the  
23 Commission. In parallel with these proceedings,  
24 we try and secure funding for development of new  
25 versions of the program, but we still must wait

1       for near-final versions of the ACM manual so that  
2       we can accurately estimate development costs for  
3       new versions of the program.

4               Once our funding is secured, we can then  
5       begin developing the new capabilities, but that's  
6       an eight- to 12-month process. Given all these  
7       steps, we believe it's reasonable to submit an  
8       application for an ACM a year after the standards  
9       go into effect.

10              And one final thing related to our  
11       recent application and review process for eQUEST  
12       and DOEIIcomply, we discovered that the publisher  
13       of the two previously approved programs was not  
14       required to compare the results of the applicant  
15       programs to those of the Commission's referenced  
16       program.

17              We, the JJH team, invested nearly 300  
18       hours of labor in developing these 170 reference  
19       programs simulation files for this comparison.  
20       The largest problem with this apparent oversight  
21       is that the applicant presented -- the previous  
22       applicant presented no proof that the ACMS perform  
23       similarly to the reference program.

24              However, in addition, the additional  
25       time that we had to put into developing these 170

1 files put us at a disadvantage. And we therefore,  
2 in closing, request that staff endeavor to subject  
3 all ACM manual applicants to the same level of  
4 staff review and scrutiny.

5 Thank you very much for your time.

6 CHAIRPERSON PFANNENSTIEL: Thank you.  
7 We appreciate your comments and we will certainly  
8 make sure that we are cognizant of that as we go  
9 forward.

10 Questions? Discussion?

11 Any further public comment to come  
12 before us?

13 Hearing none, we'll be adjourned.

14 (Whereupon, at 11:40 a.m., the business  
15 meeting was adjourned.)

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## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
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